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February 20, 2018
Via E-Filing

Carlotta S. Stauffer, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Docket No.: 20160220-WS; Application for original water and wastewater certificates in Sumter County by South Sumter Utility Company, LLC
Our File No.: 47206.01

Dear Ms. Stauffer:

The following is South Sumter Utility Company, LLC's ("SSU") responses to staff's Fourth Data Request dated February 16, 2018:

1. In response to staff's second data request, Item 10a, the Utility provided a breakdown of the \$97,696.95 average monthly cost figure used to calculate SSU's management fees. Of the eight expenses included in the breakdown, only two appear to represent actual management services provided by other parties. The following items relate to this response.
 - a. Please explain why expenses associated with rent, insurance, and organizational costs are incremental to the management fees charged by the Villages and the Village Center Community Development District and not duplicative of the cost of providing service.

RESPONSE: The contract services to VCCDD include all related costs. The overhead fees to The Villages are personnel costs only. The other categories listed are operational expenses of the Utility that have been included in the management fee category, and not duplicative. The specific details of the management fees for SSU are not known, so based on best judgement, the fees for CSU were used as a reasonable approximation of the fees that should be anticipated for SSU.

- b. Do the expenses associated with regulatory assessment fees and property taxes in the monthly average cost figure reflect the actual, direct expense incurred by Central Sumter Utilities?

RESPONSE: Yes

- c. Please elaborate on the nature of the interest expense included in the monthly average cost figure, and with what it is associated.

RESPONSE: During development of the Utility, the Developer (The Villages) will make financial contributions as needed to the Utility to provide for initial development and operation of the Utility. The interest that is included in the management fee is the interest charged by the Developer to the Utility on the contributions. In the application for rates, since all capital came from the related party, it was established that SSU would have 100 percent equity financing; therefore, this expense should not have been included in this management fee. It was inadvertently missed and should be removed.

Should you or staff have any questions regarding this response, please do not hesitate to give me a call.

Very truly yours,

/s/ Martin S. Friedman

MARTIN S. FRIEDMAN
For the Firm

MSF/

cc: Rob Eddy (via e-mail)
Trey Arnett (via e-mail)
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